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Legislative Digest

Week of June 19, 2000

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Social Security and Medicare Safe Deposit Box Act **H.R. 3859**

Committee on Ways and Means
No Report Filed

Introduced by Mr. Herger *et al.* on March 8, 2000

Floor Situation:

The House is scheduled to consider H.R. 3859 on Tuesday, June 20, 2000 under suspension of the rules. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

Summary:

H.R. 3859 amends the Congressional Budget Act of 1974 to protect the net surplus of any trust fund for part A of Medicare or Social Security from being counted as a net surplus for the: (1) federal budget (submitted by the president), (2) congressional budget, or (3) Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings Act). The bill amends the Budget Act of 1974 to allow a point of order to protect Social Security surpluses in the House or in the Senate against any budget resolution, bill, joint resolution, conference report or amendment thereto whose enactment would cause or increase an on-budget deficit for any fiscal year. The bill makes an exception to this point for Social Security reform legislation.

The bill also makes it out of order in either body to consider any budget resolution, bill, joint resolution, conference report or amendment thereto whose enactment would cause an on-budget surplus for any fiscal year to be less than the projected surplus of the Federal Hospital Insurance Trust Fund (as assumed in the most recently agreed to budget resolution) for that fiscal year. This provision will not apply to Medicare reform legislation.

The bill authorizes waiver or suspension in the Senate of points of order under this bill (the Social Security and Medicare Safe Deposit Box Act of 2000) only with a three-fifths majority.

Furthermore the bill provides that any statement issued by the Office of Management and Budget (OMB),

Congressional Budget Office (CBO), or any other agency or instrument of the federal government will exclude the outlays and receipts of the old-age, survivors, and disability insurance program under Title II of the Social Security Act when issuing totals of surplus or deficit of the United States Government. The excluded outlays and receipts of these programs will be submitted in separate Social Security budget documents. Finally, the provisions of the bill apply to FY 2001 and subsequent fiscal years.

Background:

Payments from Medicare Part A payroll taxes, which pay for the hospital benefit portion of Medicare, are expected to create surpluses of \$126 billion over the next five years and \$242 billion over the next ten years. Currently these surpluses are being used to fund programs that are not related to Medicare, which allows surplus budget numbers to appear larger than they really are. The Social Security Trust Fund is expected to produce an even larger surplus of \$2.3 trillion dollars over the next ten years. This legislation is designed to ensure that these sizable surpluses are used for only two purposes: either reducing the public debt or strengthening their respective programs. This is achieved by excluding the Medicare Part A surplus from any on-budget surpluses and raising any points of order against legislation that would spend any of the Medicare Part A or Social Security Surpluses. Without a lock box these surpluses can be spent by Congress on other programs, however, in FY 2000 Congress has not spent any funds from the Social Security Surplus.

Costs/Committee Action:

At press time the CBO has not released a cost estimate.

A committee did not consider the legislation.



Greg Mesack, 226-2305

Eric Hultman: *Managing Editor*
Brendan Shields: *Senior Legislative Analyst*

Courtney Haller, Jennifer Lord
& Greg Mesack: *Legislative Analysts*

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